

**For:** State and County Offices**Acceptable Scores for Credit and Financial Analysis and FLP Training****Approved by:** Acting Deputy Administrator, Farm Loan Programs**1 Overview****A****Background**

The Consolidated Farm and Rural Development Act, Section 361 requires the Secretary to ensure proper supervision of FLP loans and adequate training of FSA credit employees in credit and financial analysis and farm management.

Further directions are needed by the State Offices to uniformly handle individual situations if the minimum acceptable score of 80 percent is not achieved on any exam for employees who have FLP loan making and loan servicing in their specific position descriptions or who are training to obtain those responsibilities and duties.

The testing requirements in Notice FC-178 were established to assist in identifying the employee's strengths and weaknesses. In addition to the testing process, actual knowledge is to be demonstrated through hands-on performance in developing and processing loan making and servicing files.

To ensure that an acceptable level of understanding of credit and financial analysis and program regulations and implementation is met, and that the required dockets meet the established level of compliance, a minimum acceptable score of 80 percent is required on:

- the credit and financial analysis training (CFAT) exam
- each of the 4 program area exams
- each of the 5 program areas covered on the comprehensive exam.

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Disposal Date	Distribution
November 1, 1999	State Offices; State Offices relay to County Offices

## Notice FLP-33

### 1 Overview (Continued)

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#### B

##### Purpose

This notice establishes:

- a minimum acceptable score of 80 percent on:
    - the CFAT exam
    - each of the 4 program area exams
    - each of the 5 program areas covered on the comprehensive exam
  - procedures for employees who do not achieve the minimum acceptable score.
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### 2 Action

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#### A

##### Developing IDP's

IDP's which clearly establish the criteria for demonstration of a working knowledge and understanding in credit and financial analysis, as well as program regulations and implementation, shall be developed. This plan shall include all training required to achieve delegation of loan approval authority.

IDP's shall be established for:

- employees **with** loan approval and servicing responsibilities as described in Notice FC-178 who have not met the requirements for maintaining loan approval delegated between October 1, 1995, and September 23, 1997
  - all employees, including DD's, **without** loan approval authority but whose position description includes loan approval and servicing responsibilities, who have not met the requirements of Notice FC-178 nor achieved the minimum acceptable score.
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## 2 Action (Continued)

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### B

#### Implementing the Performance Rating System

In State Offices with recognized unions, appropriate bargaining must take place before implementation of the new performance management plan (pass-fail system). If the new performance management plan cannot be implemented until bargaining has been completed, then the **current** performance management plan will remain.

AO's shall review the elements and standards to determine whether they adequately address the employee's responsibilities for FLP loan making and servicing.

All other actions, including time frames, monitoring, additional training, and the completion of test 2 and test 3, if necessary, shall apply whether or not a State Office is operating under the current performance management plan or the new performance management plan.

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## 3 Retaking Exams

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### A

#### Testing

When the minimum acceptable score of 80 percent on the required exams is **not** achieved, the following action shall be taken:

- AO shall review performance elements for accuracy, ensuring that requirements for delegation and maintenance of loan approval authority are reflected
  - trainer will review existing IDP and develop a specific IDP to address the areas of weakness in consultation with AO and HRD
  - trainer will assign specific hands-on work in the areas of weakness from actual dockets
  - trainee will acquire additional training by reviewing training modules in the areas of weakness or CFAT training manual and/or acquire additional understanding by a review of procedure in the program area
  - trainee will take Test 2 CFAT exam or Test 2 in the program area exam for the program area on the comprehensive exam that did not receive an acceptable score.
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## Notice FLP-33

### 3 Retaking Exams (Continued)

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#### B

##### Developing OTI or PIP

If any employee who has or is required to have FLP loan making and servicing authorities is failing in 1 or more critical performance elements, and the performance elements are determined adequate by AO, an Opportunity to Improve (OTI) or Performance Improvement Plan (PIP) shall be developed by the supervisor with the guidance of the trainer and AO.

OTI or PIP will:

- identify weaknesses in the trainee's work performance as it relates to the area of Test 2 not successfully completed
- include a review and further study of the specific modules and procedure as they relate to the areas of weakness. In addition, the trainer will assign specific hands-on casework in the areas of weakness, establishing a specific time frame for these actions to be completed on a weekly basis.

Meetings will be conducted with the employee on a weekly basis until the specific date for Test 3 is reached. OTI or PIP will be monitored on a weekly basis by the trainer, DD, SED, and AO for compliance with OTI or PIP and progress being made. OTI or PIP can be from 60 to 120 calendar days.

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#### C

##### Personnel Action

At the end of OTI or PIP, if the supervisor determines that the employee is still failing a critical performance element because of inability to perform loan making and loan servicing work, the supervisor, in conjunction with AO and KCMO, PD, will propose appropriate personnel action up to and including removal.

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#### D

##### Loan Approval Deadlines

Employees who were in the position of DD or FLM before June 25, 1998, will be required to successfully complete the established training and receive delegated FLP authorities by June 25, 1999, as stated in Notice AO-1164. These employees will be permitted to take Test 3, if needed, provided it is taken before June 25, 1999. If action is not completed by this date, employee will be placed on an OTI or PIP because of inability to perform a critical performance element.

Employee's who became DD's or FLM's after June 25, 1998, will have 1 calendar year from assuming the position of DD or FLM to complete the required training and receive delegated FLP loan making and servicing authorities. These employees will be permitted to complete Test 3 if needed, provided it is taken before the expiration of the 1 year period and the actions identified in subparagraph 3 A are taken.

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## Notice FLP-33

### 3 Retaking Exams (Continued)

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#### D

##### **Loan Approval Deadlines (Continued)**

FLOT must complete the required training program as in Notice FC-178. Employees in FLOT positions have 1 year from attending orientation in which to complete the required Farm Loan Training Program. FLOT's may be permitted to complete Test 3, if needed, provided it is taken before the expiration of the 1 year and the actions identified in subparagraph 3 A are taken. FLOT's may or may not receive delegated FLP loan approval authorities during the training period. They will not be considered performing at the fully successful level until they can independently complete loan approval and servicing within their delegated authority.

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#### E

##### **Contact**

Employees shall use the following table to obtain the appropriate contact.

IF questions about...	THEN contact...
testing	Chris Greenwalt, PDEED at 202-690-0431.
personnel actions	Anita Fisher at 202-720-3594 or Chuck Berge at 202-720-6942.

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